

Julie Basile
Office of Federal Procurement Policy
New Executive Office Building
727 17th Street, NW
Washington, D.C. 20523

Dear Ms. Basile:

Per Director Lew's November 25, 1998, memorandum, the U.S. Agency for International Development (USAID) is submitting the requested information in response to OMB Memorandum M-99-02, "Agency Electronic Commerce Reports on Federal Purchasing Payment." Our report was coordinated with USAID's offices responsible for procurement, financial management, and information resources management.

The report summarizes those actions taken in FY 1998, or planned in FYs 1999-2000, that respond to the government-wide EC strategic plan, i.e. "Electronic Commerce for Buyers and Sellers." If you have any questions please contact David Johnson of my staff on (202) 712-5741.

Sincerely,

Richard C. Nygard
Chief Information Officer

Enclosure:

USAID EC Report USAID EC REPORT TO OMB (Memorandum 99-02)

The United States Agency for International Development
Report on Electronic Commerce for Buyers and Sellers

I. Introduction

The U.S. Agency for International Development's mission is to contribute to U.S. national interests by supporting the people of the developing and transitional countries in their efforts to achieve enduring economic and social progress. In this effort we are committed to participating more fully in resolving the problems of their countries and the world, including efforts to save lives and reduce suffering. Effective use of electronic commerce (EC) associated with our program's goals and objectives is on-going.

We are pursuing, in varying degrees, those EC "building blocks" which support the achievement of better cooperation between the Agency and its commercial and developmental partners. Our EC efforts are responsive to the USG "building blocks" objectives, i.e. catalog purchasing, electronic payment, commercial services, contract administration, contract writing systems, standard interfaces, improved USG and commercial partnerships.

The EC accomplishments in FY 1998 will be sustained and improved as much as possible during fiscal years 1999 and 2000. However, many proposed new EC initiatives are subject to the successful renovation of USAID's mission-critical systems, which will be incrementally implemented during this time-frame. The initiatives in place will provide for cost-effective EC requirements to continue to be addressed during this transitional period. Our EC accomplishments and plans are described in section II of this report.

II. Accomplishments/Plans

The EC accomplishments and future plans for the reporting period are addressed vis-à-vis the seven USG "building blocks" associated with the government-wide EC strategic plan. The initiatives identified are subject to the availability of operating expense resources.

Building Block #1:

Expanding and enhancing electronic catalog purchasing by increasing interoperability as feasible, linking to payment utilities, and migrating to commercial catalog solutions.

FY 1998 Accomplishments:

GSA Supply Schedules/Commercial Catalogs

Currently USAID has access to GSA's Federal Supply Schedules as well as commercial catalogs and utilizes these resources to make purchase selections which are then paid for by purchase cards when under \$2,500, or by purchase order under \$100,000 when informal pricing quotes are acceptable to establish competition.

FY 1999 & 2000 Activities/Plans

GSA Supply Schedules/Commercial Catalogs

No additional enhancements planned.

Building Block #2

Increasing and improving use of electronic payment utilities through purchase card implementation for account management, invoice and remittance processing and intra-governmental transfers.

FY 1998 Accomplishments:

USAID Credit Card Programs

In FY 1998 USAID credit card program was operational. Coverage included the USAID headquarters and selected overseas missions including Guatemala, Honduras, Brazil, Haiti, Paraguay, Zambia, West Bank Gaza, Cairo and Mali. The missions used credit cards for micro-purchases (\$2,500 and below). During FY 1998, there were approximately 5,530 credit card transactions totaling \$2,109,204 processed. These credit activities were coordinated by USAID's procurement office, the Agency's credit card program office, and the CFO, vis-a-vis standardizing and ensuring proper handling and usage of the cards by Agency cardholders.

With respect to the travel cards, in FY 1998 USAID/Washington directed Agency personnel that travel advances would no longer be provided for normal travel (cash is still required in some countries) thereby requiring the use of the travel card.

FY 1999 & 2000 Activities/Plans

USAID Credit Card Programs

When the credit card contracts expired in late CY 1998, a new opportunity was provided to expand the use of credit cards as a tool to improve electronic commerce. In FY 1999 and FY 2000, the Agency will work with the remaining USAID overseas sites to set up their credit card programs. A major effort will be undertaken to make this process less paper intensive. USAID (as well as other Agencies) is experiencing problems with the GSA's "Banks'" software programs. GSA is aware of the problems and is working to resolve them.

In FY 1999, the Agency plans to increase the use of the SmartPay cards and increase usage of travel cards. In addition, our procurement office has prepared new guidance for headquarters operations that is intended to improve the use of small purchase cards and to reduce the amount of time necessary to pay CitiBank. An effort will be undertaken to have these cards used overseas.

In FY 1999, we will strongly encourage the use of the individual travel cards overseas and also the use of the corporate card for the purchase of airline tickets. Further guidance from USAID/W will permit selected missions to enter into individual card agreement with local banks so those FSN employees can also use the travel cards.

Building Block #3

Migrating to standard commercial services for electronic identification of buyers and sellers as well as for management of information about buyers and sellers as appropriate.

FY 1998 Accomplishments:

USAID Vendor Data Base

USAID maintained a vendor database of records with basic information about all organizations that have received agency procurement awards. In addition, USAID's Office of Small and Disadvantaged Business Utilization (OSDBU) continued to maintain a registry open to small and small disadvantaged businesses. The registry provides eligible firms the opportunity to identify basic information about their organization (organization type, address, telephone, size) as well as extensive information profiling the capabilities and past awards of their company. Data on the businesses can be queried by any field (SIC code, language capability, activity sector).

Electronic Fund Transfer

USAID achieved one of the highest percentages of USG employee salaries paid via Electronic Fund Transfer (EFT). Fewer than 10 employees out of 2200 workers received checks, rather than EFT. For USAID's Washington paid vouchers, the Agency had a very high percentage of vendors paid via EFT, and it is anticipated that the percentage will continue to increase in the coming FYs.

FY 1999 & 2000 Activities/Plans

USAID Vendor Data Base

No additional enhancements planned.

Electronic Funds Transfer

In FY 1999, USAID's overseas mission processing of EFTs is planned for improvement through the use of new tools to be used like Treasury's Electronic Certification System (ECS). ECS permits EFT payments through their Kansas City office for payments to U.S. vendors/employees. Improvements in Department of State's (DOS) United States

Disbursing Office (USDO) functions will be assessed for potential USAID opportunities for EFTs via DOS's SWIFT system.

During 1999 and into FY 2000, the Department of Treasury will select an alternative for overseas disbursing. If it is made available, access to Bank of America's WANDA system will offer increased opportunities to pay electronically throughout the world, using the capabilities one of the world's largest banking institutions. If the WANDA option is chosen, USAID will plan to pilot test and undertake implementation of WANDA to maximize EFT for USAID programs overseas.

Building Block #4

Making contract formation and administration easier and more effective for buyers and sellers, through use, among other things of electronic market research tools and participation in pilot efforts to enable sellers to gain electronic access to Governmental business opportunities through a single, Government-wide point of entry.

FY 1998 Accomplishments:

USAID Business Opportunity Websites

USAID's internet website (www.usaid.info.gov) became more robust in FY 1998. Users of this site were provided a vast amount of information regarding the mission of USAID and its business opportunities. One section of the internet site is the "Business and Procurement" section in which USAID posts all CBD notices and competitive solicitations (assistance, acquisition, small purchases, personal services contracts, ocean transport tenders). A feature enables users (potential "sellers") to register to receive e-mail notices each time that an update is made to the pages. It is important to note that this page provides for the first time, a "one-stop shopping" approach to discovering all USAID requirements from some 40 plus missions located all over the world – often in remote places.

The Business & Procurement site includes all Agency regulations, an electronic "Guide to Doing Business with USAID," award notices (for subcontracting opportunities), as well as posting "Procurement Information Bulletins (PIBs)" in which USAID allows prime contractors to post commodity and equipment solicitations.

Aside from these internet sites, USAID's New Management System (NMS) allows for USAID Washington users to enter a "Request" for services/supplies from their desktop for action by our procurement office. This same system allows for commitment and obligation of funds electronically, at the source, with the resulting financial transaction automatically posted to appropriate tables in the database for shared use by the Agency's financial management office.

Additionally, the Agency has created a Global Technology Network (GTN) system. GTN is a trade lead/business matching program that facilitates the transfer of U.S.

technology (targeted towards small and medium sized businesses) and services to address global development problems. This is accomplished by matching a country's development needs with U.S. firms equipped to provide the appropriate technological solutions. GTN focuses on the following sectors: agricultural technology, communications and information technology, environment and energy technology, and health technology. GTN is a free service and is accessible via the internet at <http://www.usgtn.org/>.

FY 1999 & 2000 Activities/Plans

USAID Business Opportunity Websites

No additional enhancements planned.

Building Block #5

Using contract writing systems, where appropriate, to automate buying related business functions.

FY 1998 Accomplishments:

USAID Document Generating System (DGS)

USAID continued to use a Document Generating System (DGS) which is available as a standalone application in USAID missions and is incorporated into our NMS system. DGS prompts users through a question and answer process and includes provisions and clauses in accordance with responses to requestors' questions.

FY 1999 & 2000 Activities/Plans

USAID Document Generating System (DGS)

During this period, DGS is ultimately slated for replacement by a more up-to-date, user-friendly system. However, this will not occur until sometime in the year 2000, after the planned replacement of the Agency's core accounting system and compliance with Y2K. The DGS replacement is expected to be part of a larger replacement of the NMS.

Building Block #6

Using standard interfaces between agency systems and commercial systems including for accounting and reporting, and increasing access to EC performance information.

FY 1998 Accomplishments:

USAID New Management Systems Interfaces

During FY 1998, USAID selectively utilized the New Management Systems (NMS) which is a custom, in-house designed system that integrates the budget, accounting, acquisition and assistance and operations functions. The system is currently only in use in USAID/Washington. USAID missions utilize a standalone accounting application and provide paper copies of award information to USAID/Washington for eventual input into the NMS database. There were no significant interfaces to commercial systems developed in FY 1998.

The capability to perform Electronic Commerce/Electronic Data Interchange (EC/EDI) was designed and built into the NMS Small Purchase component. Based on EC standards then in effect and certified for use, the EC front-end of the original NMS was never actually used. Further, it was never updated to be in compliance with the new standard due to other more critical tasks resulting from NMS rollout and Y2K issues.

The Agency has never used FACNET to transmit any small procurement actions. However, the Agency does receive FACNET vendor profiles. (Vendors register with FACNET vis-a-vis their EC/EDI capability information.) This information is then turned into vendor profiles that are sent to various Agency gateways.

At present USAID is the only federal Agency that has EC certification, but is not transmitting. The NMS database needs to be updated so new FACNET vendors can be identified. This likely will occur when replacement systems for NMS are implemented. Inasmuch as the replacement systems will likely be a commercial-off-the-shelf application, USAID will require various EC/EDI capabilities as part of the basic Agency requirement.

Internet Access

In FY 1998, enhanced usage of internet capabilities was undertaken in preparation for anticipated increased utilization in FY 1999 and beyond.

FY 1999 & 2000 Activities/Plans

USAID New Management Systems Interfaces

USAID revised and enhanced corporate systems will be incrementally developed during this timeframe. In 1999 a new Agency COTS accounting system will be procured and tested.

Internet Access

In FY1999, improved full internet capability will be available for all USAID personnel in Washington as well as 40 of our missions. In addition to a very progressive external internet web capability, we expect greater use of our intranet site being used by all USAID staff worldwide. Users will be able to share "bulletin board" type applications and other internal administrative applications. Some of our missions are anticipated to create host country Web sites dedicated to explaining USAID's population program to

recipient host countries. The combination of internet and intranet will vastly increase productivity, promote faster acquisition cycles, result in potentially significant cost savings, and improve USAID's ability to expand technology transfer--a critical success factor in development disciplines. In addition it is anticipated that these efforts will increase our ability to share more information with our development partners (e.g. non-governmental organizations (NGOs); private and voluntary organizations (PVOs); universities, etc.).

Building Block #7

Fostering Government and commercial EC participation

FY 1998 Accomplishments:

On-Line Payment and Claims System

The Department of Treasury's (DOT) On-Line Payment and Claims (OPAC) System permits electronic inter-agency disbursements without funds actually leaving DOT's fund balances. Until FY 1998, USAID's missions did not have full access to this Treasury system. Beginning in 1998 and continuing into 1999, an increasing number of USAID missions are capable of generating and receiving OPAC transactions with various partner agencies.

Cross-Servicing

In late FY 1998, USAID decided to convert letter of credit processing from an internal process to a cross-servicing operation managed by the Department of Health and Human Services (HHS).

FY 1999 & 2000 Activities/Plans

On-Line Payment and Claims System

During 1999 it is expected that all USAID overseas accounting stations will be fully functional to use OPAC and staff will also fully understand the impact of these transactions on managing their programs. In addition, the Agency will begin to utilize FEDTAX II, a separate component of the IRS GOALS system that permits the electronic submission of tax payments.

Cross-Servicing

As required by the Debt Collection Improvement Act of 1996 (DCIA), USAID has entered into agreements to have all domestic debt cross-serviced by the Financial Management Service (FMS). Participation in this program requires electronic communications with FMS and a number of electronic tools to pursue collection.

Foreign debt cannot be serviced by FMS; therefore, USAID will continue to service this debt in each mission.

In late FY 1998, USAID decided to convert letter of credit processing from an internal process to a cross-servicing operation managed by the Department of Health and Human Resources (HHS). Throughout FY 1999, USAID will be working to effect complete transfer of the grant processing portfolio to HHS. This conversion does not change the payment to grantees. The grantees will continue to be paid using automated clearinghouse (ACH) processes through Treasury. However, this agreement does require that grantees submit electronic SF-272 reports to HHS for liquidation of their outstanding advances. This electronic SF-272 will substantially improve processing time within USAID (SF-269 will continue to be required in hard-copy for use as a management tool for each individual grant manager.)

Earlier in FY 1999 there were plans to expand into the use of the IGOTS purchase card as a mechanism to enhance intra-governmental transactions. This effort was recently suspended, and USAID is awaiting the introduction of new tools (perhaps an enhanced OPAC) that will permit greater opportunity to identify details within OPAC charges and to create new efficiencies. Until these new tools are introduced at a federal level, USAID has no plans for enhanced disbursing with intra-governmental partners.